

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



first quarter 2013



City of Minneapolis
Department of Community Planning
& Economic Development - CPED

Vol. 12, No. 1

2013

Highlights for the first quarter of 2013

	1Q-13	change from	
		4Q-12	1Q-12
Labor force	215,868 residents	▼	▲
Residents employed	204,542	▼	▲
Unemployment rate	5.2%	▼	▼
New residential permitted units	509 units	▼	▲
Permitted residential conversions, remodels and additions	127 buildings \$ 15.6 million	▼	▲
Permitted non-residential conversions, remodels and additions	150 buildings \$ 102.5 million	▲	▲
Residential units demolished	162 units	▲	▲
Rental vacancy rate	1.9 %	▲	—
Average rent in inflation-adjusted dollars	\$1,017	▲	▲
Residential units sold			
Traditional	686 units	▼	▲
Lender-mediated	383 units	▼	▼
Median sale price of residential units			
Traditional	\$198,500	▼	▲
Lender-mediated	\$92,750	▲	▲
Foreclosures	311	▼	▼
Condemned and vacant buildings	690	▲	▼
Minneapolis CBD office vacancy rate	16.4 %	▲	▼
Minneapolis CBD retail vacancy rate	12 %	▼	▼

Highlights for the third quarter of 2012 – Jobs and wages

	3Q-12	1Q-12	3Q-11
Number of jobs	299,306 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,150	▼	▼

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first quarter 2013

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Economic indicators

- Employment decreased by 0.4 percent, while the labor force decreased at a similar rate. The resulting unemployment rate is slightly lower than the previous quarter at 5.2%. In comparison with the same quarter last year, over 3,500 more city residents were working.
- As of third quarter 2012 there were 299,306 jobs in Minneapolis, about 2,000 (0.7 percent) more than the previous quarter, and about 9,400 more (3.2 percent) than the third quarter of the previous year. Over the same 12-month period, the metro and state also added jobs, but at a slower pace of 1.3 and 1.4 percent respectively.
- Average real wages for third quarter 2012 were down 2.0 percent from the same period a year before. Real wages in the metro and state also declined at rates of 2.0 and 2.4 percent respectively.

Labor force

During the fourth quarter about 900 people (0.4 percent) left the labor force, while 800 fewer residents (0.4 percent) were working. As a result, the unemployment rate decreased from 5.3 percent in fourth quarter 2012 to 5.2 percent in the first quarter 2013.

Similar trends were shown in the metro area where both the labor force and employment decreased. However, employment decreased at a greater rate than employment resulting in an unemployment rate of 5.4 percent, an increase over the previous quarter.

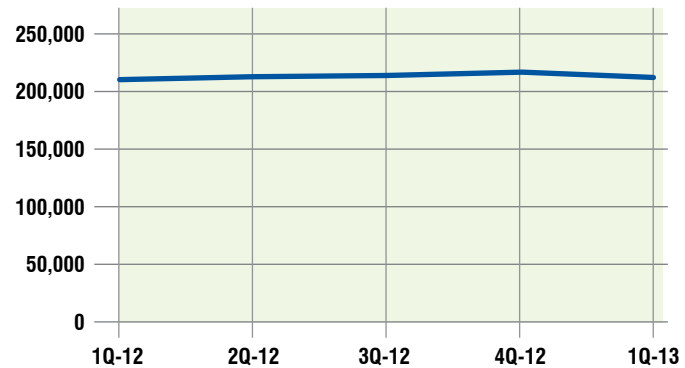
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis					
Labor Force	212,979	216,175	218,184	216,753	215,868
Employment	201,016	204,338	205,104	205,365	204,542
Unemployment rate	5.6%	5.5%	6.0%	5.3%	5.2%
Metro area					
Labor Force	1,601,648	1,619,305	1,631,197	1,623,066	1,620,025
Employment	1,508,153	1,533,079	1,538,827	1,540,779	1,532,804
Unemployment rate	5.8%	5.3%	5.7%	5.1%	5.4%

Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

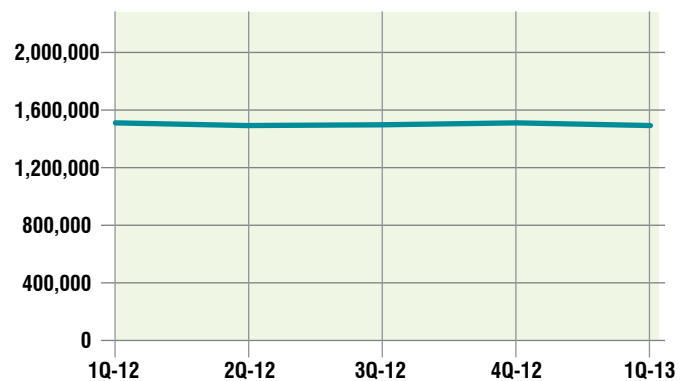
* For metro area definition, see [page 12](#).

Figure 1: **AVERAGE EMPLOYMENT – Minneapolis**
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

Figure 2: **AVERAGE EMPLOYMENT – Metro area***
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

* For metro area definition, see [page 12](#)

Jobs

Table 2: **AVERAGE NUMBER OF JOBS BY INDUSTRY** – Minneapolis¹

	3Q-2011	4Q-2011	1Q-2012	2Q-2012	3Q-2012	Change from 3Q-11 - 3Q-12
Total, All Industries	289,897	290,546	288,990	297,296	299,306	9,606
Construction	6,227	5,792	4,777	5,375	5,869	(314)
Manufacturing	14,035	13,907	13,402	13,597	13,717	(275)
Utilities	3,039	2,976	2,798	2,841	2,856	(178)
Wholesale Trade	8,631	8,625	8,233	8,441	8,598	(173)
Retail Trade	14,906	14,583	13,359	15,039	14,827	98
Transportation and Warehousing	6,850	7,023	6,841	6,778	6,677	121
Information	10,657	10,757	10,511	10,496	10,556	(182)
Finance and Insurance	27,835	27,863	27,057	27,035	27,132	(502)
Real Estate and Rental and Leasing	6,396	6,293	9,034	9,154	9,304	2,613
Professional and Technical Services	31,910	32,078	31,946	32,393	32,761	907
Management of Companies and Enterprises	18,304	18,423	18,342	18,845	19,393	1,215
Administrative and Waste Services	14,590	14,211	14,955	15,973	16,278	1,817
Educational Services	27,827	30,285	30,307	30,331	28,836	1,382
Health Care and Social Assistance	47,623	49,049	49,206	49,572	50,358	1,444
Arts, Entertainment, and Recreation	5,717	4,631	4,663	5,437	5,304	(179)
Accommodation and Food Services	23,315	22,836	22,384	23,974	24,188	1,225
Other Services, Ex. Public Admin	9,549	9,470	9,422	9,944	9,672	355
Public Administration	12,226	11,557	11,530	11,786	12,716	126

Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment and Wages

¹ Natural resource-based industries and agriculture, fishing, and forestry employment are not shown in the table. Some industry numbers may not be disclosed because of privacy issues, so totals do not add up. Table reflects latest revision by Minnesota Department of Employment and Economic Development.

Jobs

As of third quarter 2013, the number of jobs located in Minneapolis was 299,306, a 0.7 percent increase over the previous quarter. In comparison with the same quarter in 2011, the number of jobs increased by 3.2 percent (about 9,400 jobs).

Note that some of the increases or decreases of jobs in Table 2 are subject to seasonal variations. For example, construction grows during the spring and summer but drops in the winter.

12 month change – 3rd quarter 2011 to 3rd quarter 2012

On a year – to – year basis sectors that gained significant numbers of jobs were the following:

Sectors which gained the most net jobs:

- **Real estate and rental services** gained about **2,900 net jobs (45 percent)**.
- **Administrative and waste services** added over **1,600 net jobs (12 percent)**.
- **Health care and social assistance** grew by more than **2,700 net jobs (5.7 percent)**.
- **Accommodation and food services** added about **900 net jobs (3.7 percent)**.
- **Education** gained nearly than **1,400 net jobs (4.6 percent)**.
- **Management of companies** added approximately **1,100 net jobs (6 percent)**.
- **Professional and technical services** added about **900 net jobs (2.7 percent)**.

Sectors which experienced job losses:

- **Construction** lost about **350 net jobs (-5.7 percent)**.
- **Manufacturing** lost about 300 net jobs (-2.3 percent).
- **Finance and insurance** cut slightly more than **700 net jobs (-2.5 percent)**.
- **Utilities** decreased by about **200 net jobs (-6 percent)**.
- **Arts, Entertainment and Recreation** decreased by about **400 net jobs (-7 percent)**.

Quarter to quarter change - 2nd quarter 2012 to 3rd quarter 2012

Sectors which gained the most net jobs:

- **Construction** gained about **500 net jobs (9.2 percent growth)**.
- **Management of companies** gained about **550 net jobs (2.9 percent growth)**.
- **Public Administration** grew by **930 net jobs (7.9 percent growth)**.

Sectors which experienced job losses:

- **Educational Services** lost nearly **1,500 net jobs (-4.9 percent)**.
- **Arts, Entertainment and Recreation** lost about **125 net jobs (-2.4 percent)**.

As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 3.2 percent, more than the 1.3 and 1.4 percent increased experienced at the metro area and state level.

Of the sectors **posting growth** over this period, **Real estate** was the fastest growing sector in the city at over 45 percent, while it grew at a slower rate in the metro area and the state. In addition to **real estate**, **administrative services**, **accommodation and food services**, **health care**, **food**

services, and **management of companies** grew in the city faster than in either the metro or state.

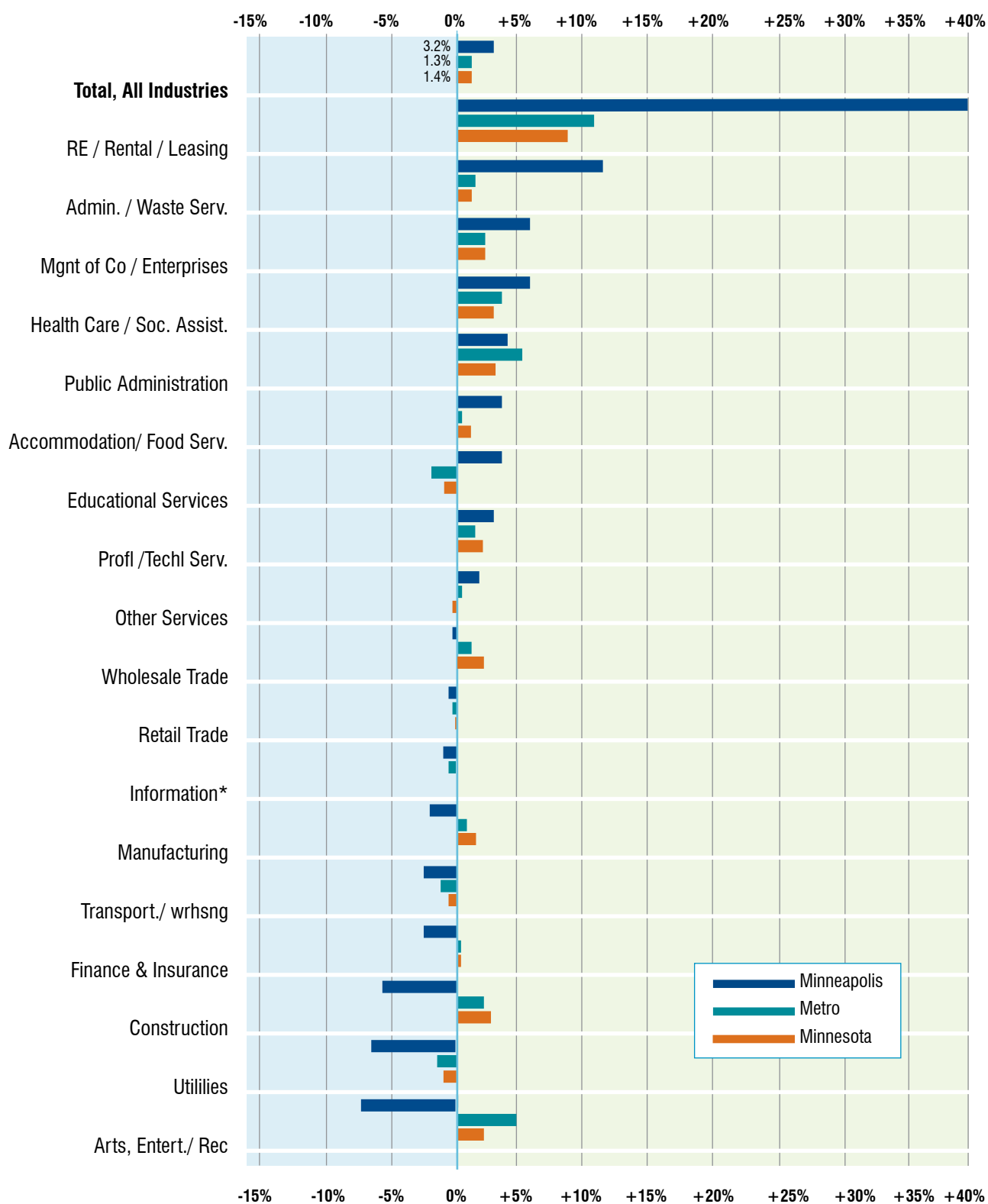
Educational services grew in the city but not in the metro or the state. **Public administration** grew at a similar rate in all three geographies.

Of the economic sectors **losing jobs** in the city, **finance and insurance**, **manufacturing**, **wholesale trade**, **arts/entertainment**, and **construction** decreased in the city, but grew in the metro or state. This last sector posted a decreased of 5.7 percent in the city, and an increase of 2.5 and 2.8 percent in the metro area and state.

In **utilities** and **transportation/warehousing**, jobs decreased in all three geographic areas.

Jobs

Figure 3: **JOBS** –3Q-11 to 3Q-12
percentage change



Source: Minnesota Department of Employment and Economic Development (DEED)

Minneapolis industries are sorted from high to low
For metro area definition, see [page 12](#)

Wages

The average weekly wage in Minneapolis in the third quarter of 2012 was \$1,150, a slight decrease in nominal dollars from the previous year, and about 2.0 percent lower when accounting for inflation.

Most sectors saw lower average weekly wages in nominal dollars. However in **finance and insurance, real estate and rental and leasing, and management of companies and enterprises** average weekly wages increased in real dollars as much as \$226 (13%).

Average weekly real wages increased the most from a year earlier in **Management of Companies and Enterprises (13 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis¹
in current dollars

	3Q-2011	4Q-2011	1Q-2012	2Q-2012	3Q-2012	Change from 3Q-11 - 3Q-12
Total, All Industries	\$ 1,154	\$ 1,224	\$ 1,319	\$ 1,152	\$ 1,150	\$ (4)
Construction	\$ 1,121	\$ 1,177	\$ 1,143	\$ 1,206	\$ 1,129	\$ 8
Manufacturing	\$ 1,129	\$ 1,200	\$ 1,175	\$ 1,103	\$ 1,098	\$ (31)
Utilities	\$ 1,672	\$ 1,656	\$ 2,643	\$ 1,628	\$ 1,572	\$ (100)
Wholesale Trade	\$ 1,286	\$ 1,458	\$ 1,339	\$ 1,215	\$ 1,204	\$ (82)
Retail Trade	\$ 515	\$ 518	\$ 537	\$ 481	\$ 503	\$ (12)
Transportation and Warehousing	\$ 985	\$ 955	\$ 1,014	\$ 915	\$ 984	\$ (1)
Information	\$ 1,371	\$ 1,380	\$ 1,402	\$ 1,312	\$ 1,276	\$ (95)
Finance and Insurance	\$ 1,686	\$ 1,869	\$ 2,925	\$ 1,734	\$ 1,737	\$ 51
Real Estate and Rental and Leasing	\$ 1,358	\$ 1,364	\$ 2,223	\$ 1,239	\$ 1,417	\$ 59
Professional and Technical Services	\$ 1,685	\$ 2,138	\$ 1,678	\$ 1,683	\$ 1,685	\$ -
Management of Companies and Enterprises	\$ 1,737	\$ 1,627	\$ 2,213	\$ 1,993	\$ 1,963	\$ 226
Administrative and Waste Services	\$ 692	\$ 722	\$ 680	\$ 636	\$ 659	\$ (33)
Educational Services	\$ 1,058	\$ 1,105	\$ 1,012	\$ 1,133	\$ 1,082	\$ 24
Health Care and Social Assistance	\$ 966	\$ 995	\$ 938	\$ 950	\$ 934	\$ (32)
Arts, Entertainment, and Recreation	\$ 1,558	\$ 891	\$ 915	\$ 1,378	\$ 1,389	\$ (169)
Accommodation and Food Services	\$ 396	\$ 388	\$ 386	\$ 384	\$ 387	\$ (9)
Other Services, Ex. Public Admin	\$ 642	\$ 629	\$ 608	\$ 586	\$ 618	\$ (24)
Public Administration	\$ 1,259	\$ 1,285	\$ 1,278	\$ 1,223	\$ 1,162	\$ (97)

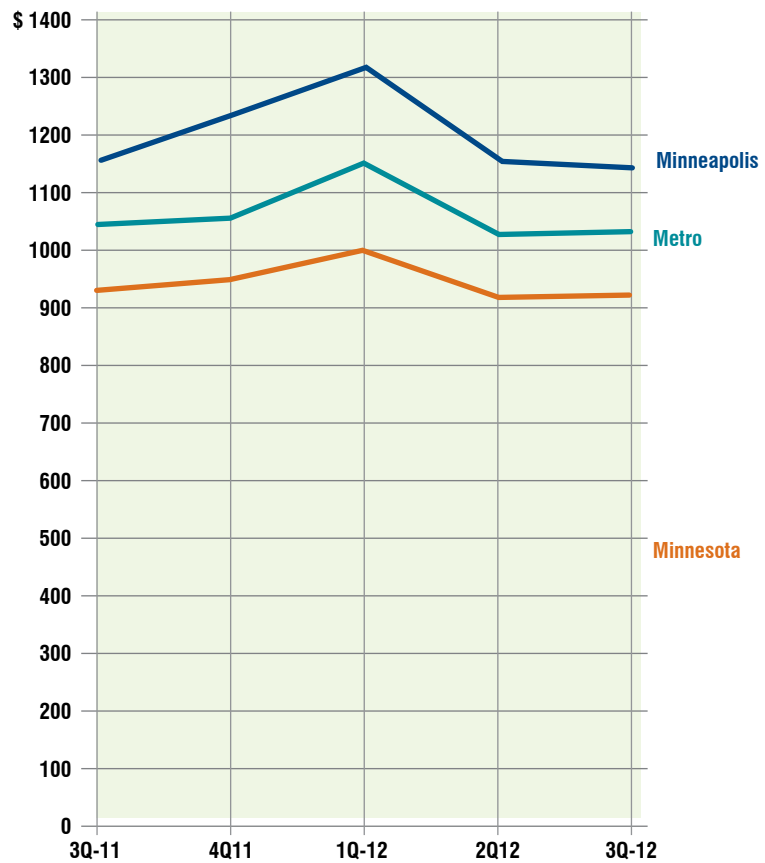
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

¹ Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Wages

In general, jobs in Minneapolis command higher average weekly wages than the metropolitan area or the state. This quarter, average weekly wages in *inflation-adjusted dollars* dropped in the city and metro at a slightly slower pace than either the state.

Figure 4: **AVERAGE WEEKLY WAGES – 3Q-11 to 3Q-12**
in inflation-adjusted dollars



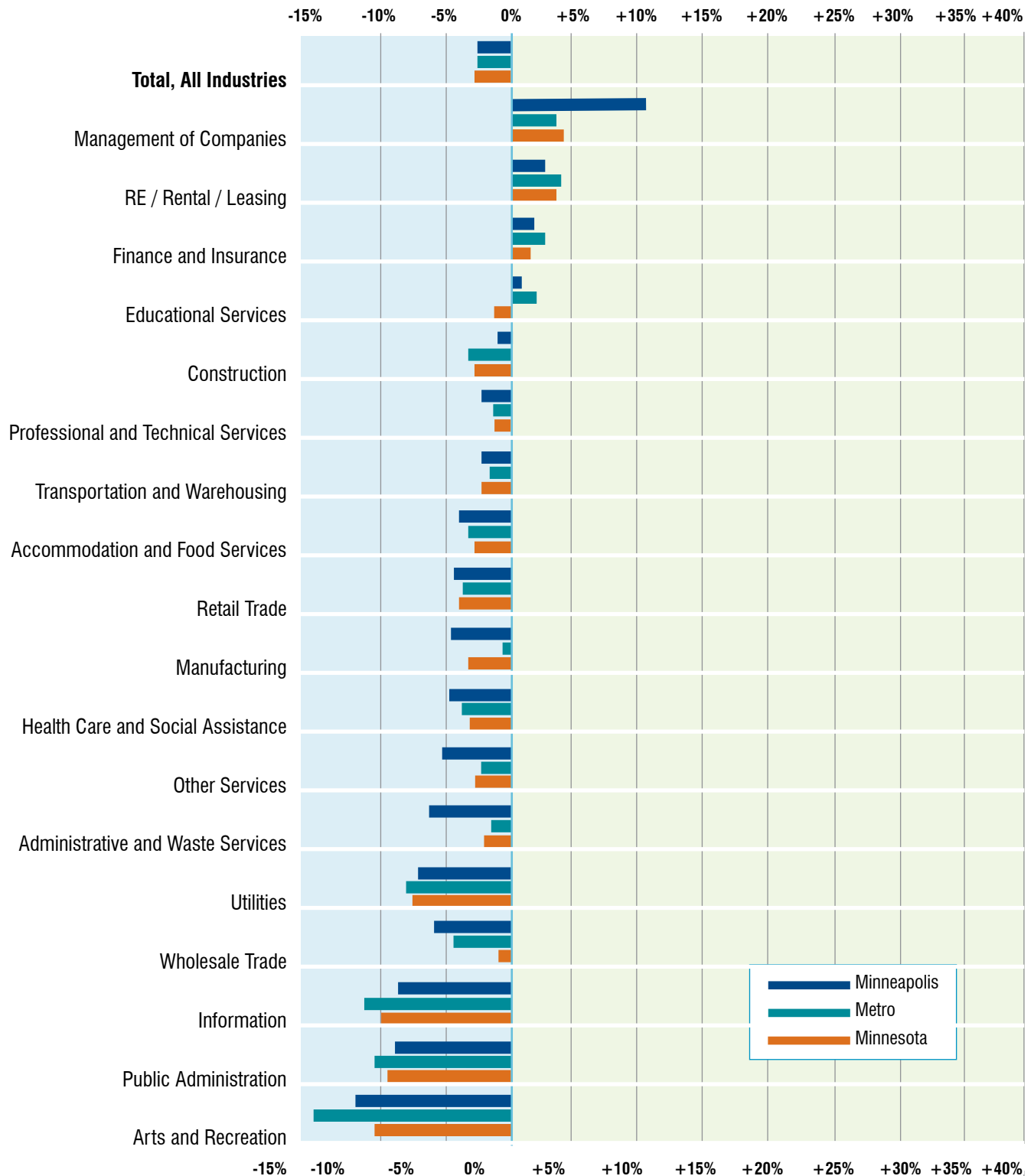
	3Q-11	4Q-11	1Q-12	2Q-12	3Q-12	\$ change 3Q-11 to 3Q-12	% change 3Q-11 to 3Q-12
Minneapolis	\$1,173	\$1,245	\$1,326	\$1,158	\$1,156	(\$18)	-1.5%
Metro area	\$1,050	\$1,072	\$1,145	\$1,026	\$1,034	(\$16)	-1.5%
Minnesota	\$936	\$959	\$1,000	\$917	\$919	(\$18)	-1.9%

Source: Minnesota Department of Employment and Economic Development (DEED)

For conversion factors, see [page 12](#)

Wages

Figure 5: **AVERAGE WEEKLY WAGES** – 3Q-11 to 3Q-12
percent change in inflation-adjusted dollars*



Source: Minnesota Department of Employment and Economic Development (DEED)

* For conversion factors, see [page 12](#)

Minneapolis industries are sorted from high to low.

For metro area definition, see [page 12](#)

Wages

Only a few economic sectors in Minneapolis saw average real weekly wages increase. These sectors were **management of companies, educational services, finance and insurance**, and **real estate**. In the metro and state geographies average weekly wages also decreased in most sectors, as shown in Figure 5 above. Management of companies and real estate wages grew at a faster pace than other industries across all geographies.

- In **management of companies** average weekly real wages rose much faster in the city than in the metro or state. Wages increased over **11 percent** in the city compared with about 4 percent in the metro and state.
- **Information, Public Administration, and Arts and Entertainment** saw the largest declines in wages with reductions greater than **10 percent** in most geographies.

Labor Force, Employment and Unemployment: Labor force, employment and unemployment by place of residence are based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor force means the number of non-farm workers employed or looking for a job at a given time. For complete definitions go to: <http://www.bls.gov/opub/hom/pdf/homch1.pdf>

Metro area: The following counties make up the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Jobs and wages: Average number of jobs by industry is based on data of all establishments covered under the Unemployment Insurance System, which includes about 97 percent of Minnesota employment. Some categories of employment are excluded, including sole proprietors, self-employed people, railroad workers, elected government officials and others working on a commission basis. Tables 2 and 3 show data to two digits by industry in the North American Industry Classification System (NAIC) for Minneapolis, the seven-county metropolitan area, and Minnesota. To see how the “digits” work, go to <http://www.census.gov/eos/www/naics/>

Inflation-adjusted figures: Values reported in table 3 are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (inflation-adjusted) dollars based on the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) for all urban consumer goods in the Minneapolis-Saint Paul, Minnesota-Wisconsin statistical metropolitan area and the Midwest urban areas. For the third quarter of 2012, dollars have been converted with an index reflecting the CPI for the second half of 2012 and second half of 2011 with 2012 as a base year for Minneapolis and metro area, and the state. To look at the indexes go to: <http://www.bls.gov/cpi/> then go to databases and to “All urban consumers (current series).”

Development indicators

- 509 new construction residential units were permitted this quarter, most of them rental units in multifamily buildings, which was balanced by the loss of 162 dwelling units via demolitions. The bulk of those losses came from the demolition of the 90 unit Marimark apartment building at 1226 Marquette Avenue.
- The city permitted 67 percent fewer multifamily units this quarter than last quarter, but 11 percent more than the same quarter last year.
- Twenty residential and commercial projects valued at least \$1 million were permitted this quarter, totaling \$191.2 million. The largest single project was a new 257- unit, 26 story apartment building called the Nic on Fifth.

New construction

Permitting of single-family units held steady, but the number of multifamily units decreased significantly from the previous quarter while increasing over the same quarter last year.

Permitting activity in the metro area also decreased over the previous quarter, while increasing over the same quarter last year.

Figure 6 shows the last five quarters of new residential unit construction permits issued in Minneapolis. These numbers do not include remodeling and conversion projects, which are discussed on page 25. Remodeling and conversion projects are reported separately from new building permits, and appear in Table 5 and Map 2.

Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

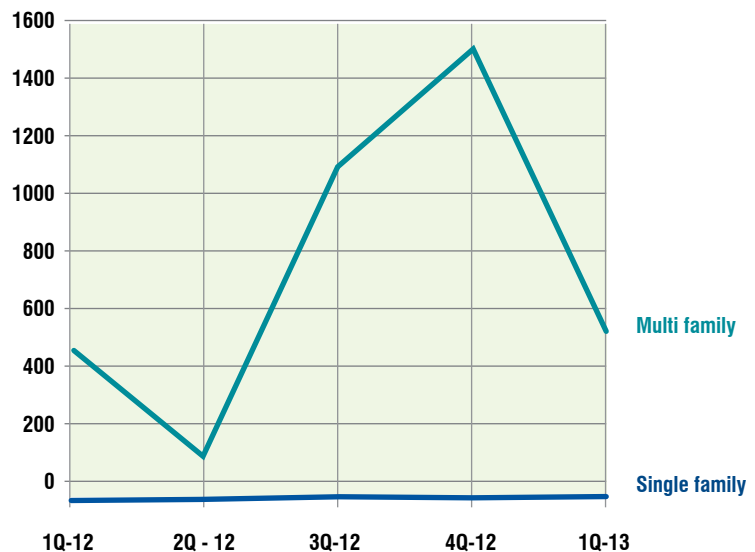
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Single-family					
City	11	20	21	24	22
Metro area	706	1,318	1,422	1,262	1,059
Multifamily					
City	448	121	1,150	1,508	487
Metro area	668	555	1,691	2,634	497
Total Units					
City	459	141	1,171	1,532	509
Metro area*	1,374	1,873	3,113	3,896	1,556

Source: U.S. Census Bureau, based on estimated number of permits with imputation

* Estimated number of permits with imputation: The Census Bureau estimates that about 8 percent of the total number of units permitted are underreported by counties in the metro area.

For metro area definition, see [page 12](#)

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED – Minneapolis**



Source: U.S. Census Bureau, and Minneapolis CPED

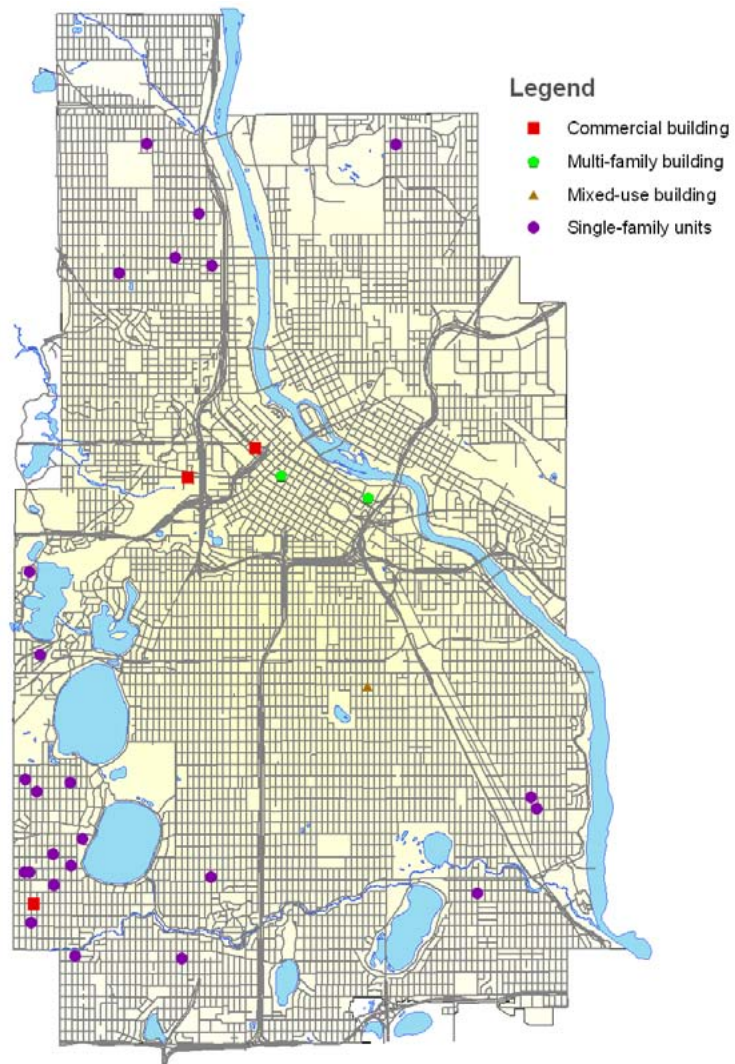
New construction

Twenty two single-family dwellings were permitted, many of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun. A cluster of homes were also permitted in the northern section of the city. Six new multi-family buildings totaling 497 units were also permitted this quarter.

Several non-residential buildings were also permitted, including the reconstruction of a church in South Minneapolis and the Interchange multi-modal transit hub in the North Loop.

Map 1: **NEW CONSTRUCTION PERMITS – 1Q-13**

Source: Minneapolis CPED



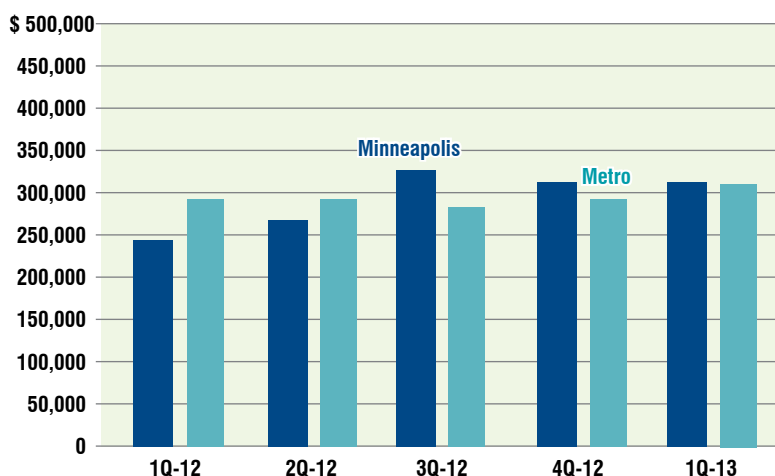
Cost of residential construction

The twenty new single-family homes permitted this quarter had estimated construction costs ranging from \$68,000 to \$832,000, with a median of \$296,000.

The average single-family construction cost in the city increased by 1.4 percent this quarter in comparison with last quarter, and increased 29 percent compared with the same quarter last year. In the metro area construction costs increased 1.4 percent over the previous quarter and 1.9 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units increased in the city from last quarter as well as from a year ago. In the metro, construction costs also increased over the same time periods.

Figure 7: **SINGLE-FAMILY CONSTRUCTION COST**
per unit

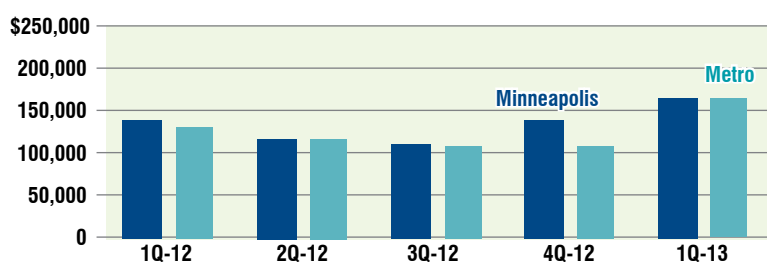


	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	\$ 244,438	\$ 255,347	\$ 323,310	\$ 310,675	\$ 314,971
Metro area	\$ 297,645	\$ 289,662	\$ 277,800	\$ 298,970	\$ 303,261

Source: U.S. Census Bureau

Table values are not adjusted for inflation
For metro area definition, see [page 12](#)

Figure 8: **MULTIFAMILY CONSTRUCTION COST**
per unit



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	\$141,933	\$126,603	\$124,285	\$141,456	\$161,739
Metro area	\$139,963	\$126,276	\$119,944	\$120,911	\$160,705

Source: U.S. Census Bureau

Values in table are not adjusted for inflation
For metro area definition, see [page 12](#)

Permitted conversions, remodels & additions

The City experienced a decrease in permits for **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter, but an increase in non-residential permitting.

The resulted in an overall lower permit value this quarter compared to the previous quarter, but an increase in value when compared to the same quarter from the previous year.

About two thirds of residential buildings with remodeling permits this quarter were single-family dwellings. Residential remodels accounted for approximately three quarters of the construction value for residential remodels in the City this quarter.

Table 5: **PERMITTED CONVERSIONS, REMODELS AND ADDITIONS**
projects \$50,000 +

	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Remodels					
Number of buildings	120	132	166	158	122
Value	\$ 14,581,500	\$ 18,634,700	\$ 28,342,503	\$ 52,359,744	\$ 13,879,186
Conversions and additions²					
Number of buildings	2	9	5	7	5
Net number of units	0	187	259	386	-3
Value	\$ 319,000	\$ 28,428,300	\$ 5,230,523	\$ 46,997,482	\$ 1,689,000
Total Residential¹					
Number of buildings	122	141	171	165	127
Total value	\$ 14,900,500	\$ 47,063,000	\$ 33,573,026	\$ 99,357,226	\$ 15,568,186
Total non-residential¹					
Number of buildings ³	109	144	150	141	150
Value	\$ 89,184,700	\$ 121,716,400	\$ 98,747,731	\$ 41,099,298	\$ 102,497,433

Source: Minneapolis CPED

1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.

2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential units.

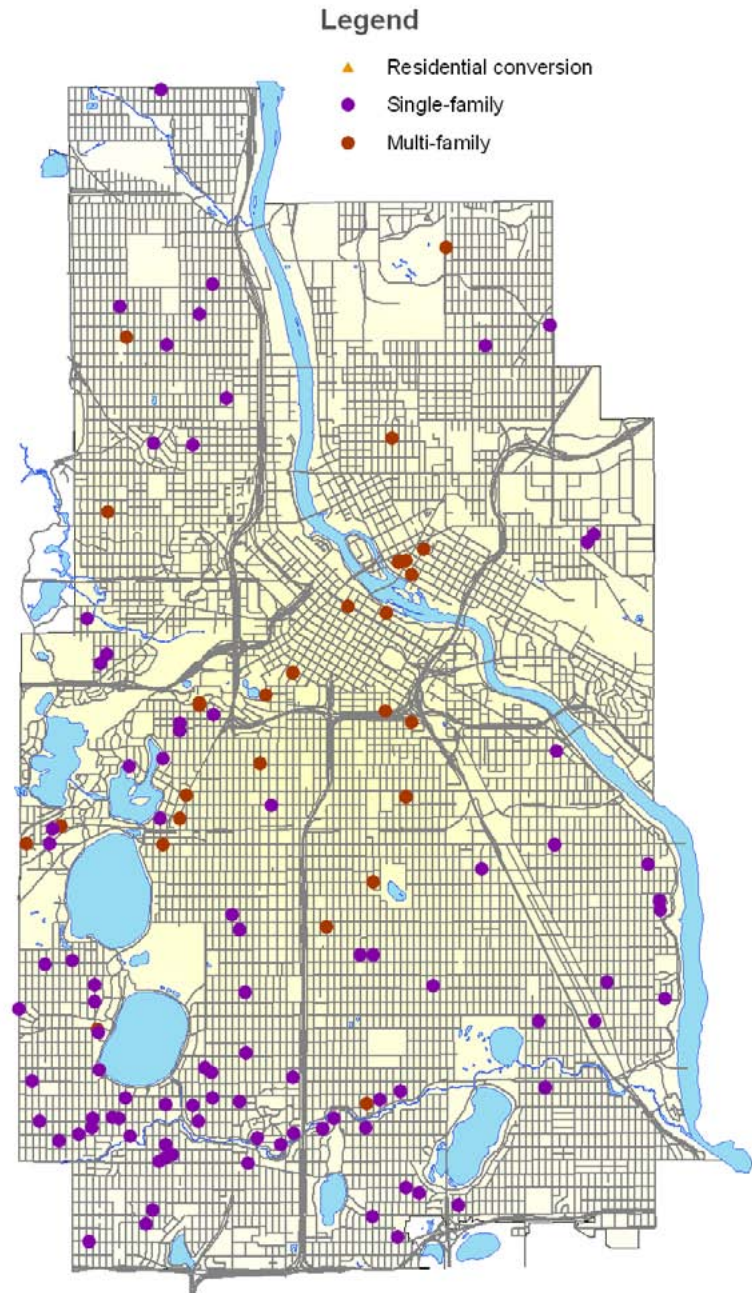
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

About two thirds of residential buildings with remodeling permits this quarter were single-family dwellings. Residential remodels accounted for approximately three quarters of the construction value for residential remodels in the City this quarter

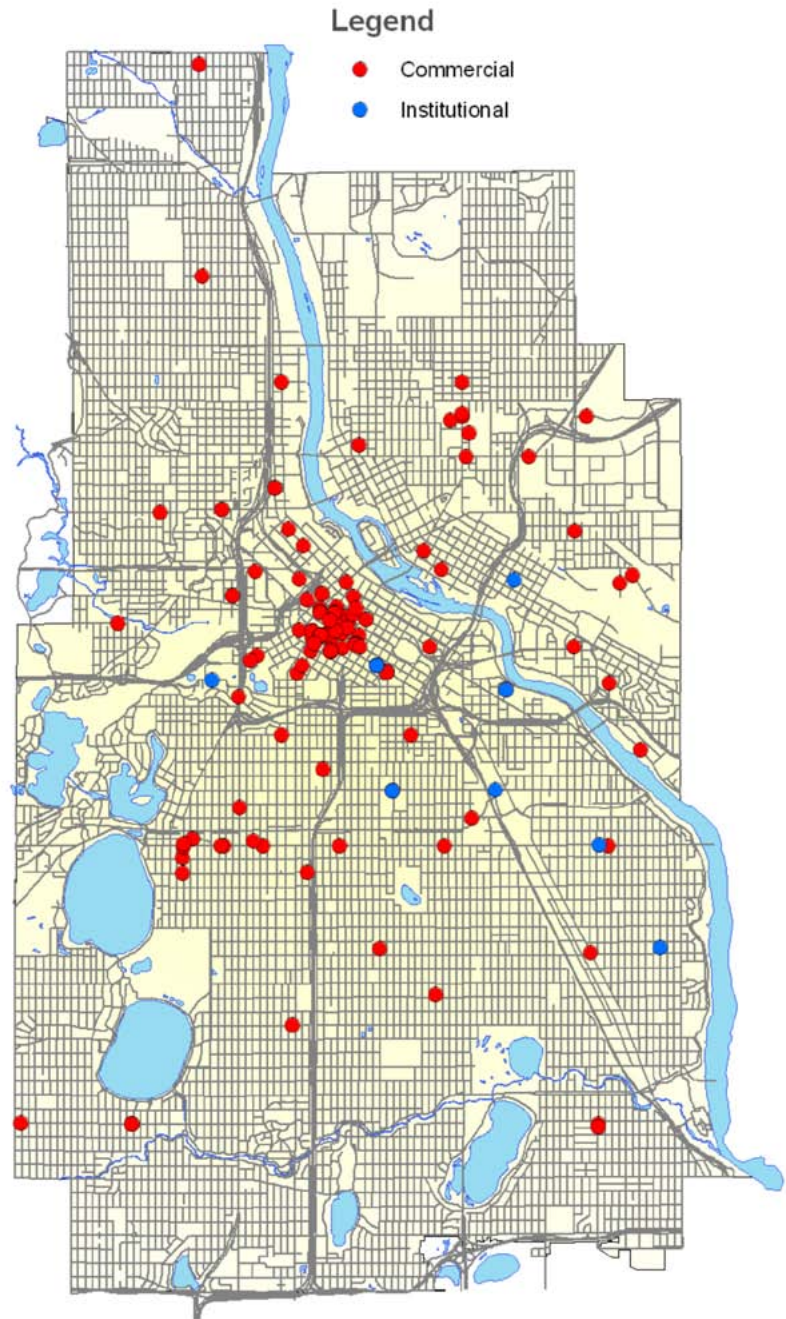
Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 1Q-13**
projects \$50,000 +

Source: Minneapolis CPED



Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 1Q-13**
projects \$50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the third quarter of 2012. The dollar amounts only reflect projected construction cost (not

land acquisition or soft costs) for permits issued that quarter. The highest cost projects included several new apartment buildings, a major office remodel, and a

grocery store build out ranging between \$13 million and \$68 million in permit value.

Table 6: **MAJOR PERMITTED MINNEAPOLIS CONSTRUCTION PROJECTS** projects \$1,000,000+

Description	Address	Neighborhood	Projected construction \$	CPED Involvement ¹
The Nic on 5th Apartments: New 257-unit, 26 story apartment building with retail	415 Nicollet Mall	Downtown West	\$ 68,060,970	
Valspar: Renovation of office and research facility	1101 3rd St S	Downtown East	\$ 27,000,000	●
Executive Suites Hotel: Remodel	431 7th St S	Downtown West	\$ 14,820,667	
Whole Foods: Interior build out in mixed use building	222 Hennepin Ave	North Loop	\$ 13,866,780	●
The Waters on 50th: New 90-unit senior assisted living building	3500 50th St W	Fulton	\$ 13,400,000	
Solhavn Apartments: New 137-unit apartment building	815 2nd St N	North Loop	\$ 12,886,658	●
Walker Art Center: Remodel	1750 Hennepin Ave	Lowry Hill	\$ 6,002,624	
Hyatt Regency Hotel: Remodel	1300 Nicollet Mall	Loring Park	\$ 5,712,098	
The Interchange: Multi-modal transit hub	528 7th St N	North Loop	\$ 5,388,289	●
Howe School: Remodel	3733 43rd Ave S	Howe	\$ 4,935,500	
US Bank Plaza: Office remodel	523 2nd Ave S	Downtown West	\$ 3,350,000	
HCMC: Red building remodel	730 8th St S	Elliot Park	\$ 2,739,000	
Walker Community United Methodist Church: Reconstruction of the church after fire damage	3100 16th Ave S	Powderhorn Park	\$ 2,639,950	
Abbott Northwestern Hospital: Remodel	2600 10th Ave S	Midtown Phillips	\$ 2,584,000	
Smith Foundry: Fire damage repair	1855 28th St E	East Phillips	\$ 1,497,846	
Minneapolis Institute of Arts: Gallery space remodel	2400 3rd Ave S	Whitter	\$ 1,463,518	
Hotel Minneapolis Metrodome: Remodel	1500 Washington Ave S	Cedar Riverside	\$ 1,342,810	
The Chambers Hotel: Restaurant remodel	901 Hennepin Ave	Downtown West	\$ 1,300,000	
StoneBridge Lofts: Underground parking garage permit for high-rise condo building	110 12th Ave S	Downtown East	\$ 1,150,000	
IDS Tower: Tenant build out	80 8th St S	Downtown West	\$ 1,087,438	

Source: Minneapolis CPED

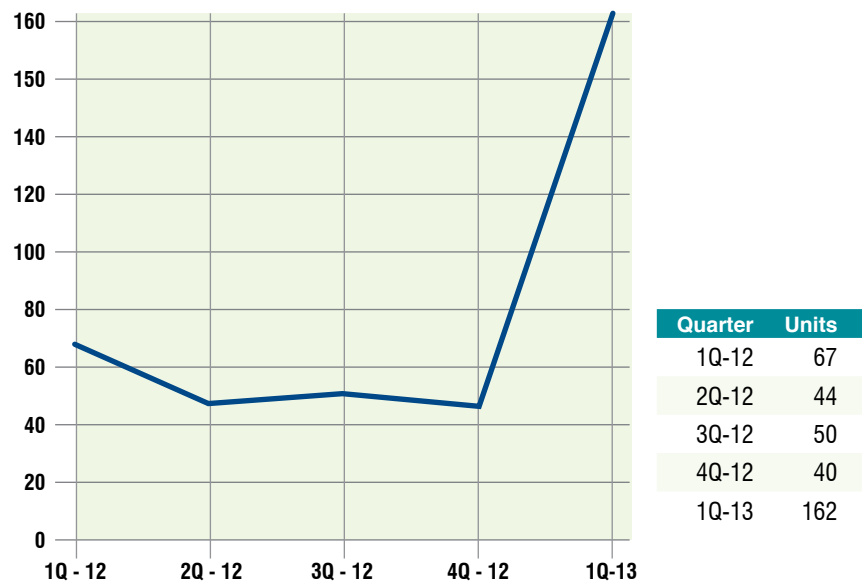
* Includes more than one permit at one address

¹ Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement receive technical assistance from CPED on land use and regulatory matters.

Demolitions

Residential demolitions rose sharply in the first quarter of 2013. This increase reflects both a rise in single family dwelling demolitions and the demolition of a 90 unit apartment building downtown.

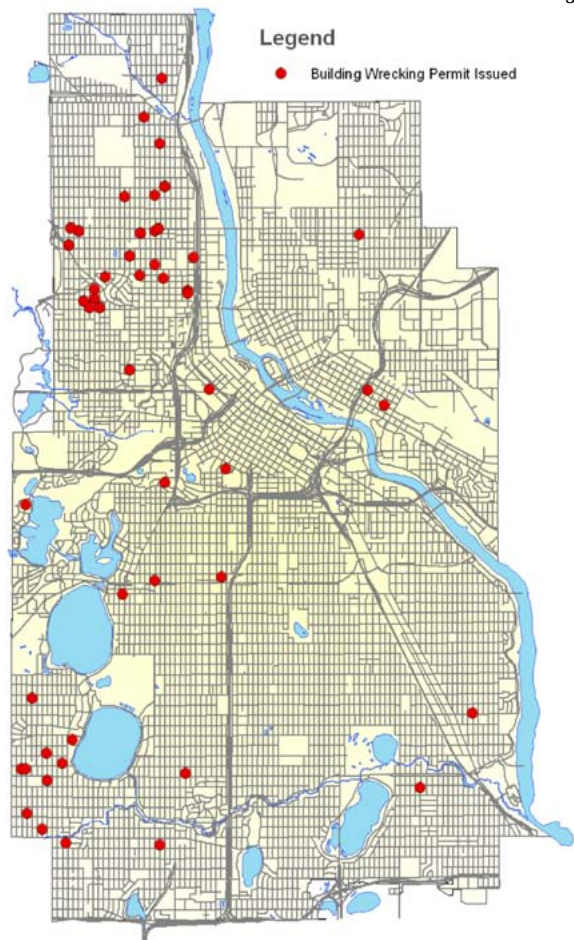
Figure 9: RESIDENTIAL UNITS DEMOLISHED – Minneapolis



Source: Minneapolis CPED

Map 4: DEMOLITIONS –1Q-13

Source: Minneapolis CPED



Building permits for new construction: Permits represent construction projects (residential and non-residential) approved by the City. Typically there is a time lag between issuing a permit and actual construction.

Table four and figures six to eight are based on monthly figures for the city of Minneapolis and metropolitan area provided by the U.S. Census Bureau. For mapping purposes, data on new building construction, remodels, conversions and demolitions for the city are based on permit information by address from the City's Regulatory Services Department. Numbers from the U.S. Census Bureau and Minneapolis CPED may differ slightly for the same period because of a time-lag in reporting. Census Bureau numbers do not include additions, remodels or demolitions.

Single-family buildings have only one unit in the building.

Multifamily buildings have two or more units in the building, except when noted that triplexes and duplexes are counted separately (in that case, multifamily buildings have four or more units.)

Cost of residential construction is based on the cost developers report on permit requests for their projects.

Construction cost per unit refers to the total construction cost reported divided by the number of units permitted during the period considered.

Non-residential buildings include any kind of use except residential. Cost is based on the amount the developer reports to the City's Regulatory Services Department.

Building permits for residential remodeling, additions and conversions: Table five and maps two and three are based on data from the City of Minneapolis CPED Department. Information includes all City-approved projects for remodeling, additions and conversions with a value of \$50,000 or more.

Building permits for demolitions: These data were obtained from the City of Minneapolis CPED Department and include all partially or totally demolished buildings. The multifamily building category includes rentals and condominiums.

Maps – Building uses: Categories listing the uses of buildings are based on descriptions from their permits. The following categories are used:

Map 1 – New buildings

Single-family: means detached dwellings.

Other residential: means buildings with two (duplex and double bungalow), three (triplex) or more residential units, including townhouses.

Mixed-use residential: means buildings with other uses in addition to residential, for example, residential and commercial; residential and retail and/or office.

Non-residential use: means all buildings that do not have a residential component. It also includes structures such as communications towers and skyways.

Map 2 – Residential remodels with a construction cost of \$50,000 or more:

Single-family includes all detached single-family dwellings with permits for renovations, additions or improvements.

Other residential includes all residential buildings that are not detached single-family dwellings, including units in buildings with two or more units. It includes remodeling or build-outs of one or more individual units and remodeling of the entire building.

Conversions consist of the construction of new residential units in non-residential buildings such as factories, warehouses, hotels and others and remodeling of a building for residential uses. It does not include conversions of apartment units to condominiums. It includes changing two or more residential units into a single residence or the subdivision of a single unit into several.

Map 3 – Non-residential remodels, additions and improvements with a cost of \$50,000 or more

Commercial includes offices, warehouses, factories, restaurants and retail buildings in general. It may be a build-out of an office space or several floors, or it may be the remodeling of an entire building. Several tenant remodels at one address are considered one project, i.e. renovation of 33 S. Sixth St. (the former Multifoods Tower) downtown.

Institutional: This category includes hospitals, clinics, churches, schools, nursing homes, correctional centers and any other institutional use.

Transportation related includes parking, skyways and bus and rail terminals.

Map 4 – Demolitions

Single family buildings: All detached residential buildings with one unit in the structure.

Multi-family buildings: All residential buildings with 2 or more units in the structure.

Non-residential: All non-residential buildings and structures

Residential and Commercial Real Estate Market

- The average apartment vacancy rate in Minneapolis increased from 1.8 percent in the fourth quarter of 2012 to 1.9 percent in the first quarter of 2013.
- The number of traditional housing sales increased over the same quarter last year, while lender-mediated sales decreased by 15 percent. Average prices decreased slightly from the previous quarter, but on a year-to-year basis sale prices continue to climb.
- The number of condemned, boarded and vacant buildings in the city stayed flat from the last quarter, down nearly 15 percent from the same time last year.
- Foreclosure sales also continue to decline, 3.4 percent over the previous quarter, and 8.3 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) hovered between 14.3 percent and 16.4 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 12 percent to 32.6 percent.

Apartment vacancy rates & average rents

The Minneapolis vacancy rate for multifamily rental housing increased this quarter from 1.8 percent last quarter to 1.9 percent.

Supply is increasing with several thousand new multi-family units permitted in 2012. However, those units are not expected for delivery until later in 2013.

In the metro area, the vacancy rate was 2.8 percent, a slight decrease from last quarter. Construction of new apartments took place almost entirely in Hennepin, County, with Minneapolis accounting for most of those units.

Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

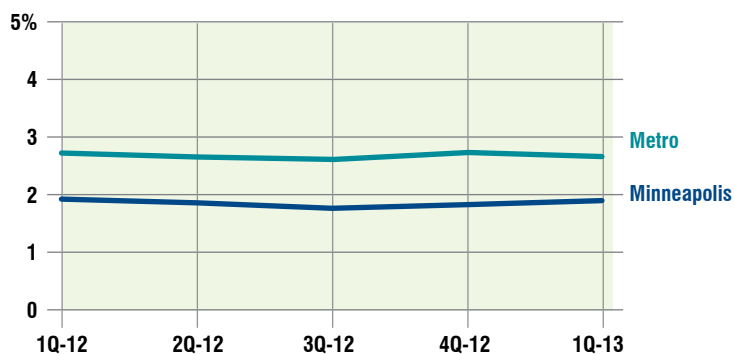
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis					
Units surveyed	15,388	15,130	16,183	16,831	16,483
Vacant units	291	275	263	296	312
Average rent	\$ 978	\$ 1,011	\$ 995	\$ 1,006	\$ 1,017
Vacancy rate	1.9%	1.8%	1.6%	1.8%	1.9%
Metro area					
Units surveyed	108,820	107,822	111,204	115,974	112,383
Vacant units	3,072	2,919	2,977	3,353	3,091
Average rent	\$ 935	\$ 951	\$ 951	\$ 957	\$ 966
Vacancy rate	2.8%	2.7%	2.7%	2.9%	2.8%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, [page 41](#)

Figure 10: **RENTAL VACANCY RATES**
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

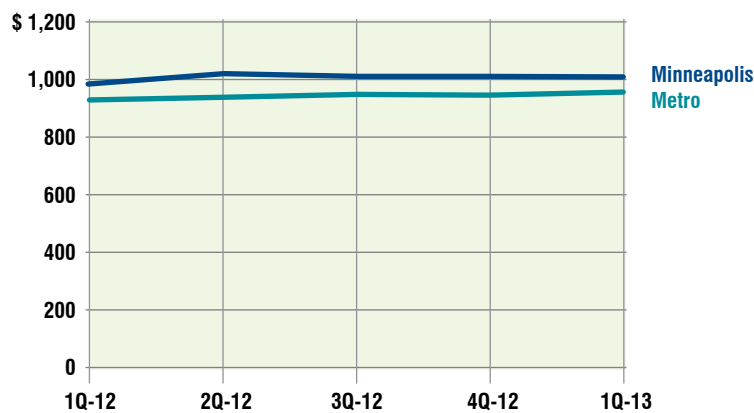
Apartment vacancy rates & average rents

At \$1,017, Minneapolis average rent in *inflation-adjusted dollars* remained flat when compared to last quarter, and 2.1 percent higher than the same quarter of last year. In the metro area average rent was \$966, again holding steady from the previous quarter and increasing slightly over the previous year.

The vacancy rate rose slightly in Southwest from last quarter, held steady in Downtown, and decreased in the North, South, and East sectors of the City. Compared to the same quarter last year, the vacancy rate rose in Downtown and East, while North remained unchanged. Southwest experienced a modest decline in vacancy from year to year. The largest change from year to year occurred in South, where the vacancy rate dropped from 3.8 percent in the first quarter of 2012, down to 1.5 percent in the first quarter of 2013.

* For conversion factors, see [page 41](#).

Figure 11: **AVERAGE APARTMENT RENT**
in current dollars



In inflation-adjusted dollars

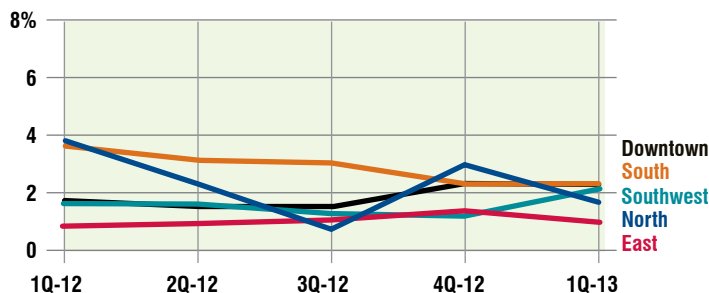
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	\$ 996	\$ 1,025	\$ 1,004	\$ 1,016	\$ 1,017
Metro area	\$ 953	\$ 964	\$ 959	\$ 966	\$ 966

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For conversion factors, see [page 41](#)

Figure 12: **VACANCY RATES BY MINNEAPOLIS GEOGRAPHIC SECTORS***
in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Downtown	1.9%	1.7%	1.7%	2.2%	2.2%
Southwest	1.8%	1.9%	1.6%	1.5%	2.1%
North	3.9%	2.2%	1.1%	2.8%	1.7%
South	3.8%	3.1%	1.8%	1.6%	1.5%
East	1.2%	1.4%	1.5%	1.7%	1.2%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For sector definitions, see [page 41](#).

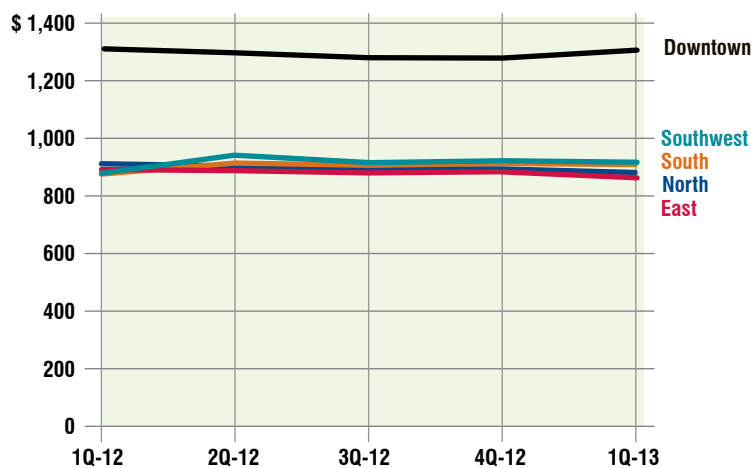
Apartment vacancy rates & average rents

Average rents increased over the previous quarter in Downtown and Southwest, but declined in the other sectors of the City.

On a year to year basis, rents increased the most in Southwest Minneapolis (5.8 percent, or 50 dollars), followed by South (about 3.7 percent, or approximately 30 dollars). Rents also increased in Downtown, while declining in both the North and East sectors of the City.

* For conversion factors, see [page 42](#).

Figure 13: **AVERAGE MONTHLY RENT BY CITY GEOGRAPHIC SECTORS***
in inflation-adjusted dollars



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Downtown	\$ 1,301	\$ 1,285	\$ 1,268	\$ 1,297	\$ 1,303
Southwest	\$ 863	\$ 931	\$ 907	\$ 912	\$ 913
North	\$ 904	\$ 881	\$ 879	\$ 883	\$ 874
South	\$ 877	\$ 914	\$ 891	\$ 911	\$ 910
East	\$ 890	\$ 888	\$ 892	\$ 889	\$ 867

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

* For conversion factors, see [page 42](#).

** For City sectors definition see [page 41](#).

Apartment vacancy rates & average rents

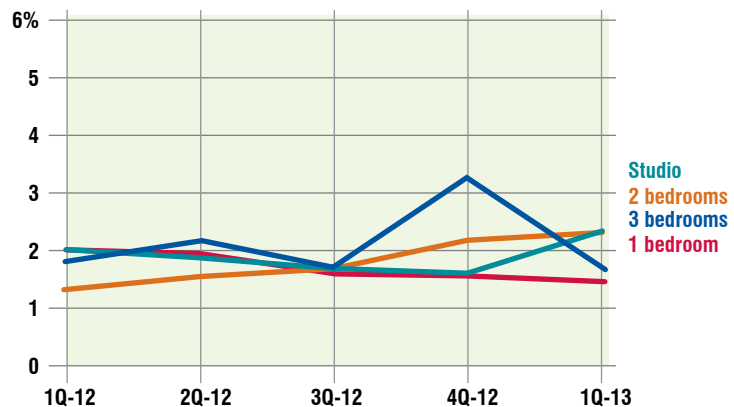
Vacancy rates increased for studio and two-bedroom apartment types while one-bedroom and three-bedroom vacancy rates decreased.

In comparison with the first quarter of 2012, vacancy rates were lower for one-bedroom and three-bedroom apartment types, but higher for studio and two-bedroom units.

Average rents in *inflation-adjusted dollars* increased this quarter for studio, two- and three-bedroom unit types. Rents for one-bedroom apartments held steady from the previous quarter.

Average rents increased from a year ago in *inflation-adjusted dollars* for studio, one- and two-bedroom unit types, while three-bedroom apartments experienced a slight decline in rent.

Figure 14: **RENTAL VACANCY RATE** – Minneapolis
in percent by apartment type



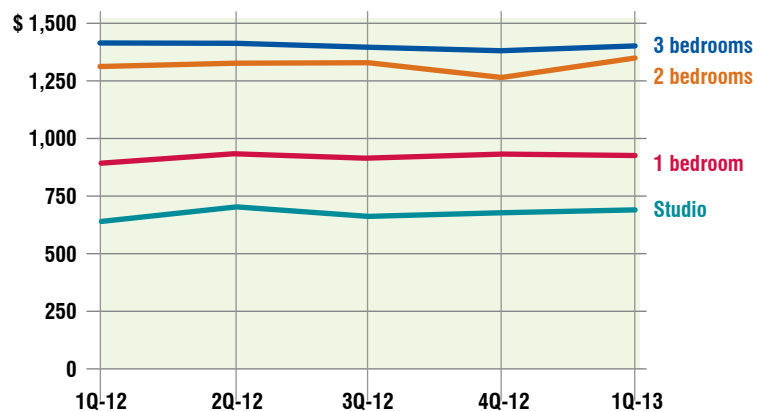
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Studio	2.0%	1.7%	1.5%	1.5%	2.2%
One-bedroom	2.0%	2.0%	1.6%	1.6%	1.5%
Two-bedroom	1.3%	1.6%	1.7%	2.1%	2.2%
Three-bedroom	1.8%	2.1%	1.7%	3.4%	1.7%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For conversion factors, see [page 42](#).

Figure 15: **AVERAGE UNIT MONTHLY RENT** – Minneapolis
in inflation-adjusted dollars by apartment type



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Studio	\$ 702	\$ 746	\$ 737	\$ 741	\$ 746
One-bedroom	\$ 916	\$ 943	\$ 923	\$ 942	\$ 942
Two-bedroom	\$ 1,282	\$ 1,300	\$ 1,280	\$ 1,250	\$ 1,289
Three-bedroom	\$ 1,421	\$ 1,429	\$ 1,418	\$ 1,403	\$ 1,418

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

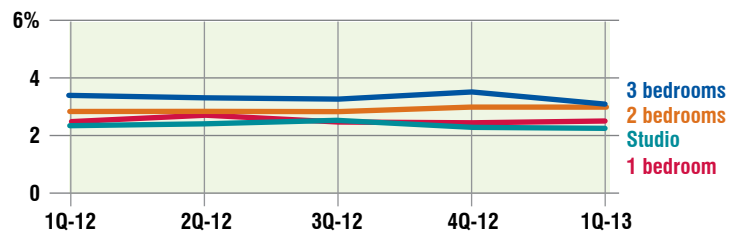
Apartment vacancy rates & average rents

In the metro area vacancy rates decreased in all unit types except for studio apartments, where the vacancy rate increased slightly.

Compared with the first quarter of 2012, vacancy rates for studio and two-bedroom apartment types increased while one- and three-bedroom vacancy rates declined for the first quarter of 2013.

Average rents in *inflation-adjusted dollars* in the metro area essentially held flat for all types of apartments since the previous quarter – posting changes of less than 0.6 percent. In comparison with first quarter of 2012, average rents increased for all apartment types.

Figure 16: **APARTMENT RENTAL VACANCIES** – Metro area
in percent by apartment type



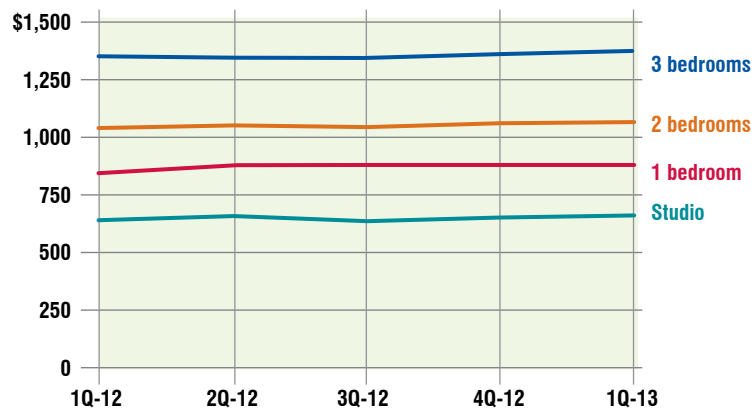
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Studio	2.6%	2.7%	2.2%	2.2%	2.8%
One-bedroom	2.7%	2.4%	2.4%	2.6%	2.4%
Two-bedroom	2.9%	2.9%	2.8%	3.1%	3.0%
Three-bedroom	3.4%	3.3%	3.3%	3.8%	3.1%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

Figure 17: **AVERAGE APARTMENT MONTHLY RENT** – Metro area
in inflation-adjusted dollars by apartment type



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Studio	\$ 700	\$ 722	\$ 716	\$ 723	\$ 727
One-bedroom	\$ 827	\$ 842	\$ 835	\$ 844	\$ 843
Two-bedroom	\$ 1,034	\$ 1,044	\$ 1,042	\$ 1,047	\$ 1,048
Three-bedroom	\$ 1,318	\$ 1,319	\$ 1,320	\$ 1,336	\$ 1,332

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multi family rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

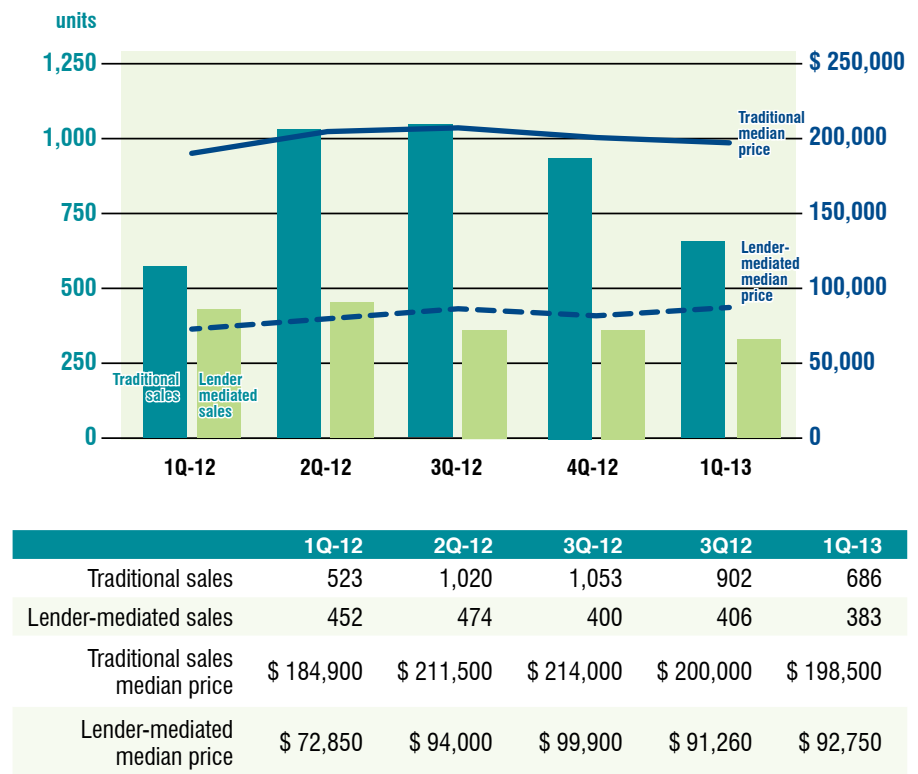
Residential sales

Overall housing sales slowed by 18 percent over the previous quarter. This included a reduction in both traditional and lender-mediated sales. Average prices in the quarter decreased slightly for both traditional sales, while lender-mediated sales experienced a slight price increase. The median price of traditional sales in Minneapolis (\$198,500) remains slightly below that of the region (\$205,000).

Over a twelve-month period, the number of traditional housing sales increased by over 30 percent, while lender-mediated sales decreased by more than 15 percent, reflecting the declining number of distressed properties in the market.

Median sale prices increased for traditional as well as for lender-mediated sales: 7.4 percent for traditional sales and 27.3 percent for lender-mediated sales. This quarter lender-mediated sales including foreclosures were 36 percent of all housing sales in the city, while they accounted for 46 percent of sales in the first quarter of 2012.

Figure 18: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE— Minneapolis**

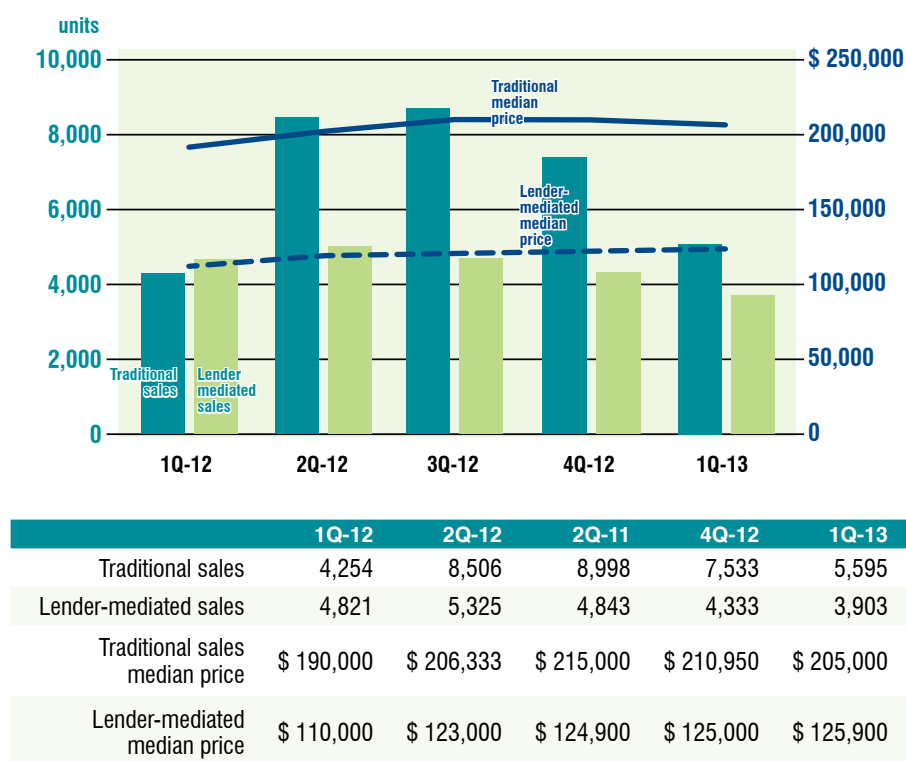


Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area sales were down from the previous quarter by 20 percent. The median price for traditional sales was down slightly, about 3 percent. In comparison with the same quarter the previous year, the total number of sales was up. Traditional sales increased about 31 percent, similar to the city, but lender-mediated sales actually declined by about 19 percent. Prices for both categories increased, 7.9 percent for lender-mediated sales and 14.5 percent for traditional sales.

Figure 19: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE – Metro area***



Source: *Minneapolis Area Association of Realtors (MAAR)*

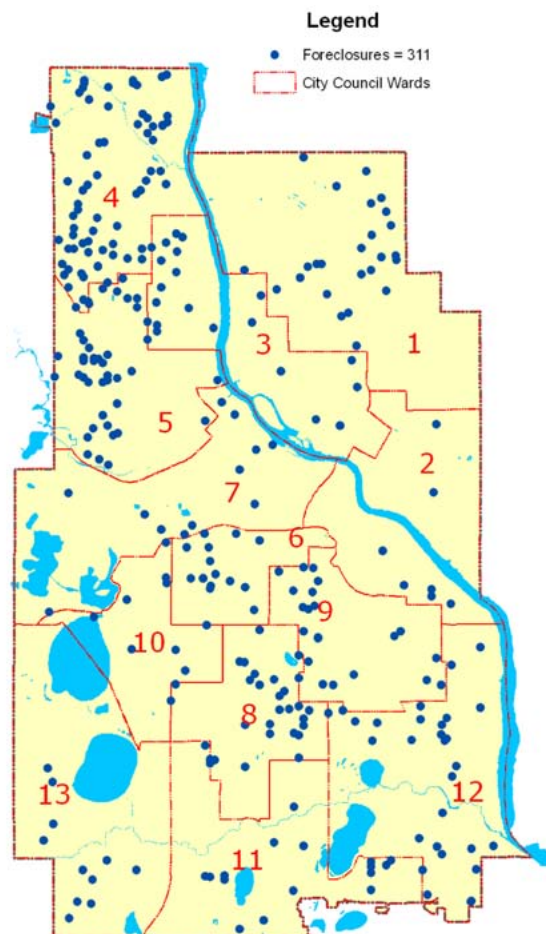
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

For metro area definition, see [page 41](#)

Foreclosures

This quarter 311 properties were sold at public auction, 3.4 percent fewer than the previous quarter, and 8.3 percent fewer than first quarter 2012. Wards 1, 4, 5, and 8 accounted for more than 50 percent of total foreclosures in the city, with Ward 4 accounting for more than 20 percent of the total.

MAP 5: PROPERTIES FORECLOSED – 4Q-12
by wards



Source: Hennepin County

Data on foreclosures downloaded as of January 2013. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

Table 8: FORECLOSURE PROPERTIES – Minneapolis
by ward

Ward	1Q-12		2Q-12		3Q-12		4Q-12		1Q-13	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	18	5%	37	9%	31	8%	31	10%	26	8%
2	8	2%	5	1%	9	2%	8	2%	7	2%
3	39	12%	30	7%	26	7%	28	9%	22	7%
4	56	17%	83	20%	91	23%	67	21%	68	22%
5	38	11%	42	10%	62	16%	33	10%	43	14%
6	22	6%	18	4%	10	3%	21	7%	16	5%
7	12	4%	34	8%	9	2%	14	4%	12	4%
8	37	11%	38	9%	42	11%	33	10%	27	9%
9	41	12%	31	8%	26	7%	23	7%	22	7%
10	13	4%	11	3%	16	4%	9	3%	10	3%
11	15	4%	22	5%	21	5%	20	6%	19	6%
12	31	9%	34	8%	42	11%	25	8%	28	9%
13	9	3%	20	5%	12	3%	10	3%	11	4%
Total	339	100%	405	100%	397	100%	322	100%	311	100%

Source: Hennepin County Sheriff's Office. The data is subject to revision by the Sheriff's Office; for complete and current foreclosure listings, please see the Hennepin County Sheriff's website at.

Foreclosures

Foreclosures continued their steady decline since peaking in 2008. This quarter represents a new low foreclosure count since before the housing crisis started.

Figure 20: **RESIDENTIAL FORECLOSURES** – Minneapolis
in units



Source: Hennepin County

Data for 2008 have been revised.

Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city held steady from the last quarter, and was nearly 15 percent lower than at the end of first quarter 2012.

The number of condemned buildings dropped by 13.1 percent compared to first quarter last year, while the number of vacant but not condemned buildings decreased 15.5 percent. Condemned buildings have been decreasing more or less steadily since third quarter 2008. Many of the buildings have already been demolished due to an aggressive city policy to remove blighted buildings, while saving as many as possible for rehab.

Map 6: **CONDEMNED AND VACANT BUILDINGS** – as of the end of September 2012

Source: Minneapolis CPED

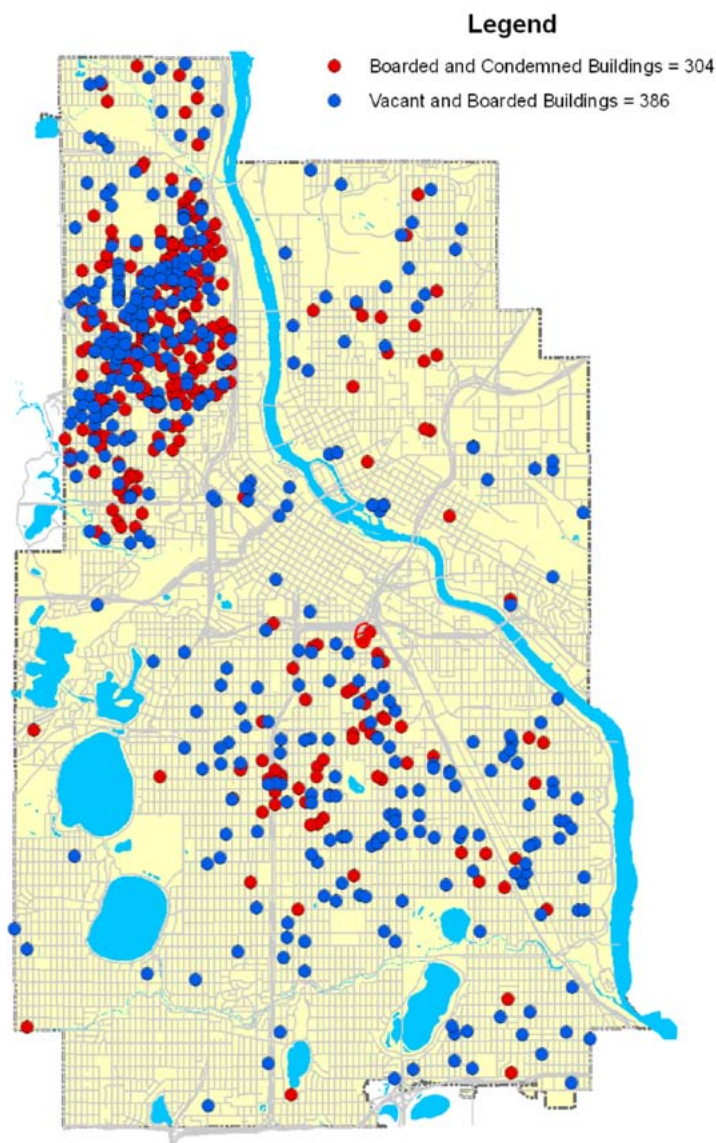


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis
as of the end of quarter

	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Boarded and condemned buildings	350	329	316	303	304
Vacant but not condemned	457	442	405	386	386
Total	807	771	721	686	686

Source: Minneapolis CPED

Note: About 98 percent of the buildings in the table are residential.

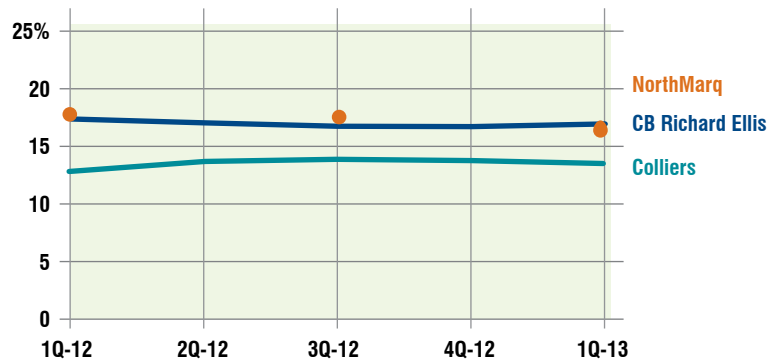
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 14.3 percent and 16.4 percent according to the above real estate firms. Pressure remains highest in the Class A market; there remain large blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 16 percent and 18 percent, according to the above real estate firms. Like the Minneapolis CBD, demand in the office real estate market in the Twin Cities was higher for Class A properties, which were already experiencing short supply.

Figure 21: **OFFICE SPACE VACANCY RATE – Minneapolis CBD**
in percent

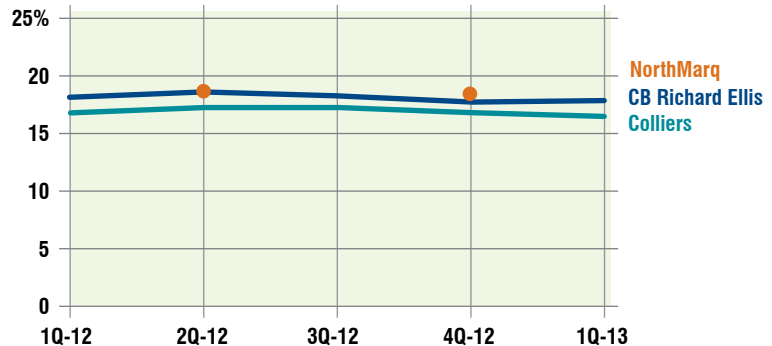


	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
CB Richard Ellis	16.7%	16.6%	16.2%	16.3%	16.4%
Colliers	12.9%	14.5%	14.6%	14.5%	14.3%
NorthMarq	17.0%	17.0%	16.1%	16.1%	16.1%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Figure 22: **OFFICE SPACE VACANCY RATE – Metro area**
in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
CB Richard Ellis	19.0%	18.2%	17.6%	17.1%	17.0%
Colliers	15.9%	16.5%	16.5%	16.1%	16.0%
NorthMarq	18.6%	18.6%	18.0%	18.0%	18.0%

Sources: CB Richard Ellis, Colliers and NorthMarq

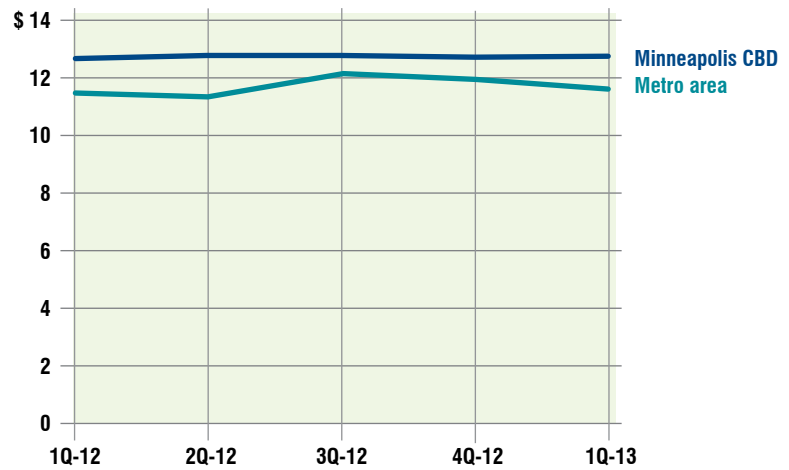
See explanation of sources on [page 42](#)

Office space

The average asking lease rate per square foot in the Minneapolis central business district (CBD) increased slightly this quarter, and was also higher than the first quarter of 2012. In the metro area rates were down for the quarter, but up over the same quarter last year.

Between the third and fourth quarter Downtown Minneapolis the rate of growth in occupied office space increase over the previous quarter. The metro area saw the absorption of approximately 700,000 square feet of office space in the first quarter of 2013, with 200,000 of that space located in the Minneapolis CBD.

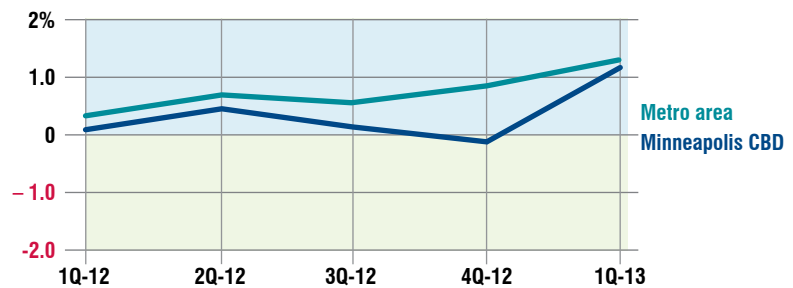
Figure 23: **OFFICE AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year



Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Figure 24: **OCCUPIED OFFICE SPACE – rate of growth**
in percent



Source: CB Richard Ellis

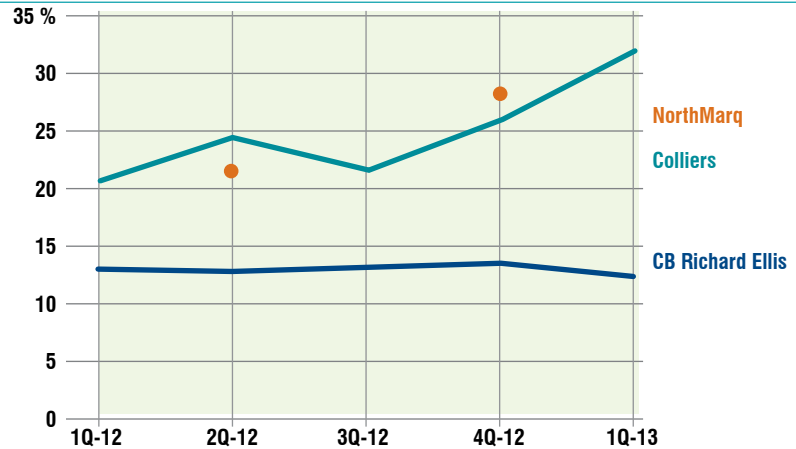
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 12.0 and 32.6 percent. Block E and Gaviidae Common were removed from the CBRE reporting as the future programming of those spaces are unknown or substantially not retail focused. Note that large variations in the vacancy rate result from the relatively small amount of square feet of retail in the CBD, as well as differences in how the measurements are done.

The metro area vacancy rate this quarter ranged from 6.4 percent to 8.3 percent, with both slight decreases and increases reported over the last quarter from each of the real estate firms quoted.

Figure 25: **RETAIL VACANCY RATE – Minneapolis CBD**
in percent

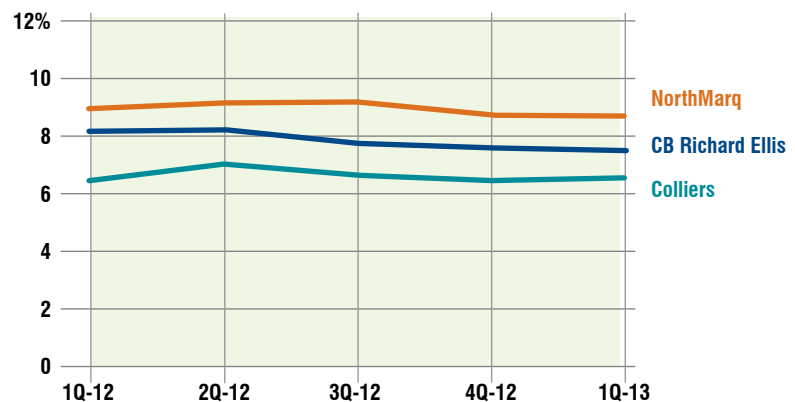


	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
CB Richard Ellis	13.3%	13.3%	13.3%	13.6%	12.0%
Colliers	20.3%	24.4%	21.3%	25.6%	32.6%
NorthMarq	23.9%	21.7%	21.7%	26.8%	26.8%

Sources CB Richard Ellis and NorthMarq

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 26: **RETAIL VACANCY RATE – Metro area**
in percent



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
CB Richard Ellis	8.1%	8.1%	7.8%	7.7%	7.5%
Colliers	6.2%	7.0%	6.4%	6.2%	6.4%
Northmarq	8.4%	8.9%	8.9%	8.3%	8.3%

Sources: CB Richard Ellis, Colliers and NorthMarq

CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

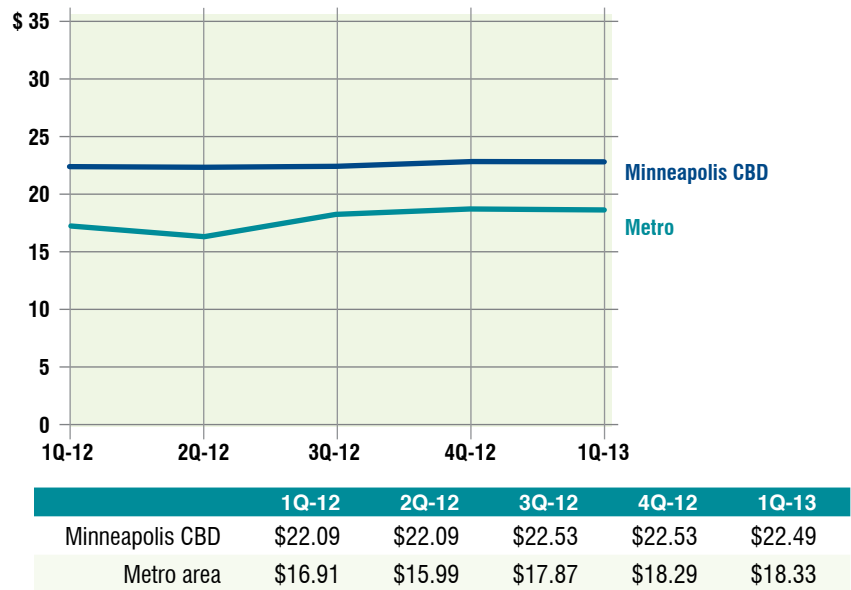
Retail space

Average asking lease price per square foot remained steady in the Minneapolis central business district (CBD) since last quarter and was slightly up over the same quarter last year.

In the metro area, average asking lease price increased over 8 percent from the same quarter last year, holding mostly steady from the previous quarter. The gap in asking prices between the Minneapolis CBD and the rest of the region decreased slightly, standing at about 23 percent at the end of the first quarter 2013.

Occupied retail space in the Minneapolis central business district (CBD) dropped dramatically in the first quarter of 2013. This is mostly a reflection of a change in methodology by the reporting firm – both Block E and Gaviidae Common were removed from calculation this quarter.

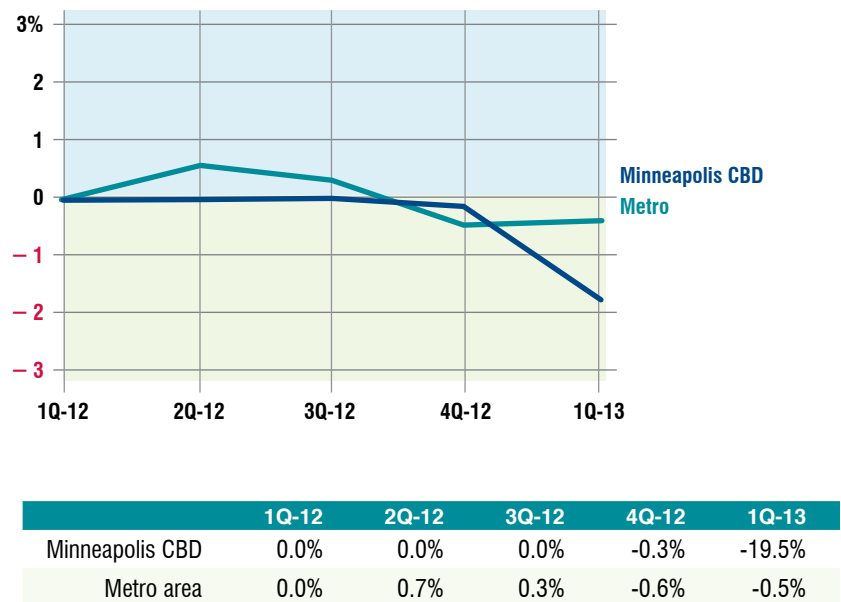
Figure 27: **RETAIL AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year



Source: CB Richard Ellis

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 28: **OCCUPIED RETAIL SPACE – rate of growth**
in percent



Source: CB Richard Ellis

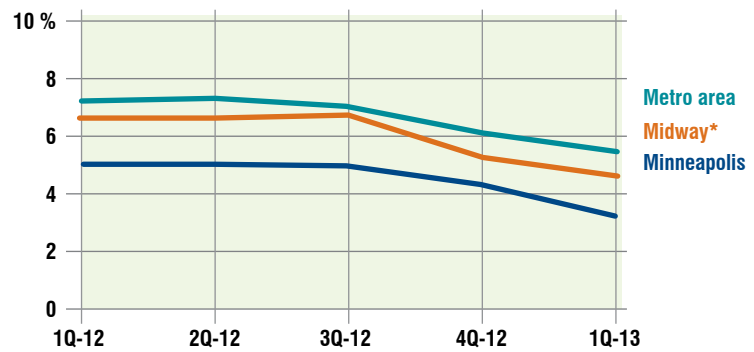
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space direct vacancy rate (not including sublease space) declined in all reported geographies for the second consecutive quarter. The vacancy rates were down from first quarter the previous year for all three areas as well.

The average asking lease price for industrial space decreased in Minneapolis and Midway from the previous quarter, while asking price in the Metro area increased slightly.

Figure 29: **INDUSTRIAL VACANCY RATE**
in percent



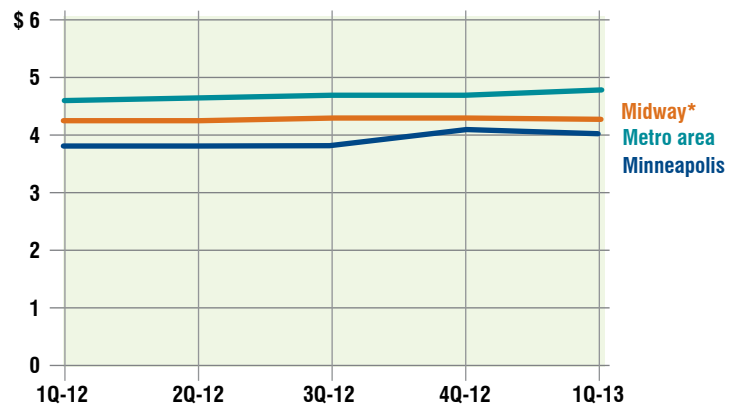
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	5.1%	5.1%	5.0%	4.1%	3.4%
Midway*	6.4%	6.6%	6.7%	5.3%	4.6%
Metro area	7.1%	7.2%	7.0%	6.0%	5.8%

Source: CB Richard Ellis

Includes industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway industrial area includes parts of Northeast Minneapolis and Saint Paul.

Figure 30: **INDUSTRIAL AVERAGE ASKING LEASE RATE**
in dollars per square foot per year



	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	\$3.96	\$3.96	\$3.98	\$4.02	\$4.00
Midway*	\$4.09	\$4.10	\$4.12	\$4.09	\$4.05
Metro area	\$4.54	\$4.59	\$4.61	\$4.65	\$4.72

Source: CB Richard Ellis

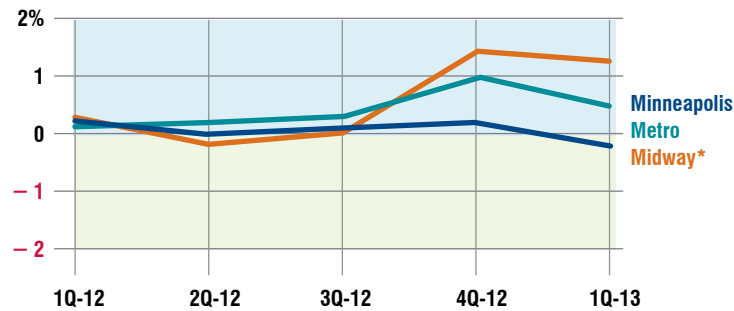
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Industrial space

Growth in occupied industrial space continues this quarter in some geographies, but at a slower rate than the previous quarter. Minneapolis was the exception to the pattern of growth with a slight decline in occupied space, while Midway and the Metro area continued to grow at a modest pace.

Figure 31: OCCUPIED INDUSTRIAL SPACE – rate of growth in percent



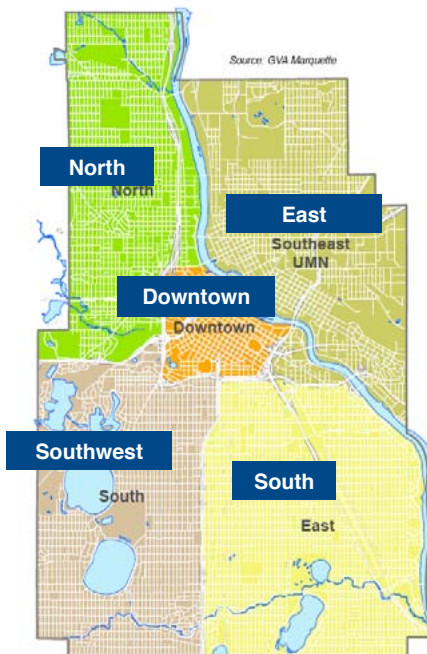
	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13
Minneapolis	0.2%	0.0%	0.1%	0.2%	-0.1%
Midway*	0.3%	-0.3%	0.0%	1.6%	1.3%
Metro area	0.1%	0.2%	0.3%	1.0%	0.4%

Source: CB Richard Ellis

Includes all competitive industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Definitions & sources



- **Housing Vacancy Rate:** The vacancy rate is the percentage of unoccupied housing units among the total number of housing units. Vacancy rates for the multifamily rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities metropolitan area.
- **City areas:** For data analysis purposes, GVA Marquette Advisors divides the city into five sub-areas, according to the map below.
Note that we changed the Minneapolis sector names to reflect changes that GVA Marquette made at the City's request. South is now South-west; East is South, and NE, SE and UMN is East. North remains North.
- **Median sale values:** These values are based on home prices researched by the Minneapolis Area Association of Realtors (MAAR).
- **Closed home sales:** These values are based on home sales reported by the Minneapolis Area Association of Realtors (MAAR). Closed sales mean that there is an agreement to sell and steps have been taken toward that end. MAAR makes a difference between **traditional sales** and **lender-mediated sales**. The first type includes all sales that are neither foreclosures nor short sales. These two define the lender-mediated sales.
- **Metro area definition:** The Minneapolis Area Association of Realtors service area includes 12 counties in Minnesota (Chisago, Anoka, Sherburne, Wright, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Rice and Goodhue) and one county in Wisconsin (St. Croix).
- **Foreclosure sales:** These sales occur when property owners are deprived of the right to keep their properties because of failure to make payments on a mortgage or other contractual property fees, such as condominium association fees, when due. Data on foreclosure sales are reported by the Hennepin County Sheriff to Hennepin County Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure Sheriff's sales categories (mortgage, assessments, associations, executions and judgments). Data include only foreclosed properties in the City of Minneapolis that were sold at public option in the specified time period.
- **Boarded and vacant buildings:** A vacant property is a property identified as such by City of Minneapolis inspectors; City Ordinance 249 requires the property's owner to register it as vacant. In addition to being vacant, the property could be condemned as uninhabitable either for being boarded more than 60 days or because of lack of maintenance. Data on boarded and vacant buildings are obtained from the City Department of Regulatory Services.

Real estate statistics as reported by CB Richard Ellis () include office, retail and industrial space vacancy rates, average asking lease price per square foot and absorption

of square feet for the Twin Cities metropolitan area, Minneapolis and Midway (industrial space) or Minneapolis central business district (office and retail space). The metro area includes several submarkets and may not coincide with definitions based on jurisdictional boundaries. This quarter Minneapolis Trends also shows office and retail vacancy rates reported by Colliers (), and Cushman & Wakefield-NorthMarq ()

- **Average asking lease rate:** This is determined by multiplying the asking net lease rate for each building by its available space, adding the products, then dividing by the sum of all available space.
- **Average vacancy rate:** This is determined by dividing the number of vacant square feet by the net rentable area.
- **Rate of growth and absorption:** This is the change in occupied square feet from one quarter to the next, determined by subtracting vacant space (not including sublets and shadow space) from the rentable space available.

Variations in reporting are due to differences in definitions and in the number, frequency, and geographical location of buildings included in the surveys. Variations in retail vacancy rates are more evident than in the case of office vacancy but also — and particularly in the case of the Minneapolis CBD — the relatively small amount of retail space compared to the overall metro inventory.

Inflation-adjusted figures: For the purpose of analyzing residential rent, text is based on values converted to constant (inflation-adjusted) dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) for housing in the Midwest urban areas category size “class A” (more than 1.5 million people).



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